

FISCAL NOTE

HB 270 - SB 622

March 18, 2005

SUMMARY OF BILL: Requires the Local Education Insurance Committee (LEIC) to conduct a 30 day open enrollment to begin on the effective date of this act allowing eligible persons employed the opportunity to enroll in the basic education group insurance plan (BEIP).

ESTIMATED FISCAL IMPACT:

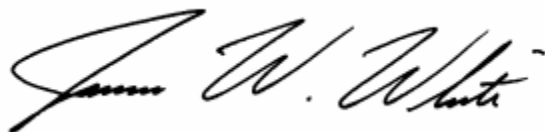
Other Fiscal Impact - Fiscal impact of this bill is dependent upon the number of employees who begin participating in the BEIP as a result of the open enrollment period and any change of risk factors placed on the existing group as a result of the new individuals' participation. To the extent BEIP enrollment increases by 2.5% and BEIP costs increase by 0.5%, state expenditures would increase approximately \$1,150,000. To the extent increased enrollment occurs, local education agencies would be required to contribute the required employer share on the incremental enrollments. This increase to local government expenditures is estimated to be \$200,000 or more.

Assumptions:

- Fiscal impact of this bill is dependent upon the number of employees who begin participating in the BEIP as a result of this legislation and any change of risk factors placed on the existing group as a result of the new individuals' participation.
- Based on analysis by a consultant to the LEIC, an open enrollment period would result in an increase of BEIP enrollment of approximately 2.5%. The consultant suggested that the employees' risk factor would be higher than the existing group's and would result in higher costs estimated as a 0.5% increase.
- Estimated state premium support for FY05 is \$229,622,700.
- To the extent BEIP enrollment increases by 2.5% and BEIP costs increase by 0.5%, state expenditures would increase approximately \$1,150,000 (\$229.62 million X 0.5% = \$1,148,100).
- To the extent increased enrollment occurs, local education agencies would be required to contribute the required employer share pursuant to TCA 8-27-303 on the incremental enrollments. This increase to local government expenditures is estimated to be \$200,000 or more.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director